



News Release

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Visa debit cards on the way for unemployment insurance recipients

GAS CITY, Ind. (Aug. 9, 2006) – Governor Mitch Daniels announced today that the state’s Department of Workforce Development will open a customer service call center in Gas City to help unemployment insurance recipients use new Visa debit cards. The state will begin issuing the debit cards, in place of checks, by the end of the year, saving an estimated \$1.8 million annually by discontinuing the printing and mailing of weekly unemployment checks.

The Department of Workforce Development is looking at potential sites for the call center. About 10 new jobs will be created.

“We pursue an explicitly pro-small town policy. When our state government has a choice of facility location, we look to strengthen our small communities,” said Daniels. “The 60 new jobs at the BMV mail center in Winchester wouldn’t mean much in Indianapolis or Fort Wayne, but in Winchester, they are noticed. One reason we’ve moved so aggressively on biofuels is that those new plants are always in places like Claypool and Cloverdale, where we’ve needed new economic life.”

Debit card users will have access to their funds at all banks and ATMs in the state, and will be able to redeem their debit cards for no fee at a Visa bank or at a network of 600 ATM machines. In addition, recipients will be able to redeem their cards with no charges or fees through point of sale transactions at merchants who accept Visa cards. The network of free ATM transactions includes ATMs operated by National City, Old National, 7-Eleven, Alliance One and Money Pass. The network of Visa banks for free teller transactions includes over 95 percent of the banks in Indiana.

“We are continuing our efforts to modernize Indiana’s unemployment insurance system,” said Ron Stiver, commissioner of the Department of Workforce Development.

“Recipients will receive their benefits faster and in a more secure fashion. They will have greater flexibility in how they spend their funds and be able to avoid costly check-cashing fees.”

The department has awarded Affiliated Computer Services, Inc (ACS) a contract to manage the new system. Unlike a typical state contract, the state will pay ACS nothing to offer the debit card program. ACS, which will operate the call center, will realize its profits through merchant and transaction fees at point of sale transactions commonly associated with credit and debit card programs.

The debit cards will be manufactured and embossed in Indianapolis by Personix Indianapolis. Personix Indianapolis will also mail the cards directly to recipients.

The projected annual savings to the state translate to \$1.1 million through reduced postage and \$700,000 in administrative reductions. In 2005, 248,077 individuals received more than 3 million payments totaling \$654 million under the unemployment insurance program. The estimated average payment per claimant per week in 2005 was \$274.

Stiver said that ACS and the Department of Workforce Development will promote the new system plan through public information and marketing programs. “We will utilize our network of WorkOne and WorkOne Express offices to educate and inform recipients on how to make the transition to this new system,” he said.

The department is in the midst of a three-year unemployment insurance modernization project that will, when fully implemented, provide a web-based system with improved access and ease of use for claimants and employers.

The Indiana Department of Workforce Development is charged with improving the Hoosier workforce by assisting companies to create new jobs and improve worker skills. The agency offers a variety of training and educational grants, partners with Indiana’s 26 WorkOne employment centers, administers the unemployment insurance system, provides labor market information, assists employers with preparing workers for layoffs and closures and operates a statewide job placement service. For more information visit the agency website at www.workforce.IN.gov.

Frequently Asked Questions
Indiana's New Debit Card System for
Unemployment Insurance Recipients

Q. What is being done differently with respect to the payment of unemployment benefits?

- A. Before the end of 2006, the state of Indiana will begin to pay unemployment insurance benefits through Visa debit cards. Once this new system is fully implemented, the state no longer will issue and mail unemployment checks to recipients but will rely exclusively on debit cards. This will result in a faster turnaround time in which claimants have access to their funds. Their deposits will be loaded onto their debit cards on the same day the state loads these funds. They will no longer have to wait for the check in the mail.

Q. How will the new system work?

- A. Under the new system, unemployment insurance claimants will initially receive a debit card with the amount of their unemployment benefit "loaded" onto the card. In subsequent weeks, the amount of the weekly benefit will be electronically added to the recipient's debit card.

In addition, recipients will have the option to receive an automated telephone call or e-mail notifying them each week that the funds have been added.

Claimants can then spend their debit card just as they do any other regular debit card. There are three primary ways recipients can get their funds:

ATM's – Claimants will be allowed one free ATM cash withdrawal per deposit at any National City, Old National, 7-Eleven or Money Pass ATM. Recipients can also access their funds at any other ATM in the state, but will be assessed a charge for using those non-network ATMs.

Bank Tellers at VISA Banks -- Claimants will be allowed one free bank teller withdrawal at any VISA member bank per deposit. This network includes over 95 percent of the banks in the state.

Point of Sale Transactions -- Claimants can also use the cards at any merchant that accepts Visa in a point of sale transaction. As an example they will be able to purchase their groceries and receive cash back, or buy merchandise at any store.

In addition, the claimants will be able to transfer their funds to a checking or savings account.

Q. Will recipients be charged for each transaction? How much?

- A. Recipients will be entitled to one free bank teller transaction at any VISA member bank OR one free ATM transaction (within the ATM network) per deposit. Teller withdrawals in excess of one per deposit will be assessed a fee of \$2.50 per transaction.

Alternatively, recipients will be entitled to one free ATM transaction per deposit at National City, Old National, 7-Eleven and Money Pass ATMs. Subsequent use of ATMs

from National City, Old National, 7-Eleven and Money Pass ATMs and all withdrawals at other ATMs will be assessed a fee of \$1.25 per transaction.

It's important to note that claimants will receive either one free bank teller **OR** one free ATM transaction per deposit. Second and subsequent ATM or bank teller transactions will incur the fees outlined above.

In addition, point of sale (POS) transactions will always be free of any fees.

Q. What sorts of service fees will recipients be charged?

A. Other than the fees that will be assessed for more than one ATM or bank teller transaction per deposit (described above), there are no service fees charged recipients for regular use of the debit cards, such as point of sale transactions. A \$5.00 fee will be assessed claimants for replacement of lost debit cards.

Q. How can recipients avoid any fees?

A. It will be quite simple for recipients to avoid any fees with the new debit card system. As indicated above, they can redeem the full amount of their unemployment insurance account by simply presenting it to a teller at any VISA bank in the state of Indiana. Approximately 95% of the banks in Indiana are VISA banks.

Or, they can redeem a percentage of their account at any ATM at National City, Old National, 7-Eleven or Money Pass ATM, then spend the rest of their balance at any merchant that accepts VISA cards. It should be noted that since ATM withdrawals are disbursed only in increments of \$10 or \$20, recipients will not necessarily be able to withdraw the full amount loaded onto their card at an ATM, since that amount will not likely be in \$10 or \$20 amounts. Thus, a recipient may have to withdraw an even amount at an ATM and then spend the remaining amount through a point of sale transaction.

Q. When will recipients begin to receive debit cards?

A. The new system will be operational by the end of the year.

Q. How many individuals will be affected?

A. In recent years, approximately 250,000 individuals have received unemployment insurance benefits from the state per year.

Q. How will debit cards be protected from fraud?

A. Recipients will activate their cards by calling a toll-free number and establishing a Personal Identification Number (PIN) when they begin receiving benefits. ACS also has procedures in place to detect fraudulent activities.

Q. What about customer service?

A. As part of the new system, ACS will establish a customer service call center in the state of Indiana that will employ approximately 8 to 10 workers (Full Time Equivalent or FTE). The call center will be located in Gas City, Indiana in Grant County.

Q. Are any Hoosier firms or employees involved in this project?

A. In addition to the Indiana residents who will be employed at the call center in Gas City, the debit cards will be manufactured and embossed in Indianapolis by Personix Indianapolis. Personix Indianapolis will also mail the cards directly to recipients.

Q. Why is this being done?

A. The new system is designed to better serve unemployment claimants through a quicker, more convenient and secure payment system. It will also save taxpayers by reducing the expenses of printing and mailing checks and other administrative costs incurred operating the unemployment insurance program. Recipients will also be able to avoid excessive check-cashing fees.

Q. What are some of the advantages with the new system?

A. There are several advantages:

- More timely, reliable and secure payments to recipients
- Greater spending/depository flexibility to recipient
- Avoidance of check-cashing fees
- The accounts will be covered by FDIC insurance.
- Savings to state/federal governments. For the unemployment insurance system, Indiana will save approximately \$1.8 million per year. As other state programs switch to debit cards, additional savings are anticipated.

Q. What is the cost to the state?

A. There is no cost to the state. Unlike traditional state contracts involving the hiring of a vendor to provide services, the state of Indiana is not paying ACS a set amount to offer the debit card program. ACS will realize its profits through the traditional fees it assesses merchants who offer Visa cards. This arrangement is typical within the debit card industry. It should be stressed that these fees are paid by the merchants, and not by the users of the debit cards.

Additionally, the state will save approximately \$1.8 million per year. The projected annual savings to the state translate to \$1.1 million through reduced postage and \$700,000 in administrative reductions. In 2005, 248,077 individuals received more than 3 million payments totaling \$654 million under the unemployment insurance program, according to the department. The estimated average payment per claimant per week in 2005 was \$274.